

**Montana Coal Board
Meeting Minutes
December 19, 2016
Hampton Hotel, Billings, MT**

Board Members Present

Chairman John Williams, Vice-Chair CJ Stewart, Tim Schaff, and Veronica Small-Eastman. On the phone was Dan Miles.

Montana Department of Commerce Staff Present

Jennifer Olson, Grants Bureau Chief, and Amy Peck, Administrative Assistant were on the phone.

Public present:

Jim Atchison	SEMDC
Bill Hodges	Big Horn County Hospital
Kathie Bailey	Snowy Mtn. Development Corp
Robert Pontius	Colstrip Fire Department
Robert McLean	Lame Deer Public Schools
Chad Fenner	Big Horn County
Sidney Fitzpatrick	Big Horn County
Candy Wells	Big Horn County
Kevin Kray	Custer County
Jason Strouf	Custer County
Brad Howell	Musselshell County
Representative Ken Holmlund	

Welcome – Call to order

Chairman Williams called to order the meeting of the Montana Coal Board at 9:56 a.m.

Roll call:

Ms. Olson called the roll for board members. The following board members were present: Chairman John Williams, Vice-Chair Stewart, Tim Schaff, and Veronica Small-Eastman. Dan Miles was present by phone. Absent was Jed Fitch.

Opportunity for Public Comment

- Jim Atchison – SEMDC, thanked the Board for the award to Colstrip for the Economic Diversification Strategy; he stated they started holding community meetings. (handouts were provided)
- Bill Hodges – Big Horn County Hospital Association, provided update on the skylight project, he thanked the Coal Board for the assistance. (handouts were provided)

Approval of Minutes (September 22, 2016)

- Chairman Williams called for discussion from the Board regarding the minutes and any comments from the public. No comments were made.

Action by the Board: Mr. Schaff made a motion to approve the minutes. Vice-Chair Stewart seconded. Motion passed.

Ms. Olson notified the Board that Melinda Cummings is no longer with Community Development Division and that Anne Pichette will be the new Administrative Officer beginning January 9, 2017.

Montana Coal Board
Meeting Minutes
December 19, 2016
Hampton Hotel, Billings, MT

Budget & Financial Report

Funds available for 2017 Biennia:	\$ 5,018,806	\$ 1,945,617	\$ 6,964,423
-----------------------------------	--------------	--------------	--------------

2016 Fiscal Year (July '15 – June '16)

• Funds appropriated for FY 2016:	\$ 2,463,539	\$996,949	\$3,460,488
• Coal Board funds awarded during FY 2016:	\$ 4,487,209*	\$648,900	\$5,136,109*
• Balance of available FY 2016 funds:	<u>\$ 0</u>	<u>\$996,949</u>	<u>\$ 996,949</u>

2017 Fiscal Year (July '16 – June '17)

• Funds appropriated for FY 2017:	\$2,555,267	\$ 948,668	\$3,503,935
• Coal Board funds awarded during FY 2017:	\$ 317,000	\$ 552,747	\$ 869,747
• Balance of available funds to award:	<u>\$ 214,597</u>	<u>\$ 743,970</u>	<u>\$ 958,567</u>

Total awarded:	\$ 4,804,209	\$ 1,201,647	\$ 6,005,856
Total available:	\$ 214,597	\$ 743,970	\$ 958,567

**this amount is comprised of both 2016 and 2017 fiscal year funds because the board awarded 2017 fiscal funds during the June 2016 meeting.*

Action by the Board: Vice-Chair Stewart made a motion to accept the budget. Mr. Miles seconded. Motion passed.

Project Updates

- Number of projects awarded since the beginning of the 2017 Biennia: 39
- There are currently 28 open contracts; 7 are pending contracts, 6 are pending closure.
- There is a request from Savage 2M Sewer District (#0743) to extend their contract to June 30, 2017.

Action by the Board: Mr. Schaff made a motion to extend the contract. Ms. Small-Eastman seconded. Motion passed.

New Business

Application #0809 Lame Deer Public Schools – School Housing Purchase & Repairs

- The applicant is requesting \$200,000 to purchase four modular; studio, living quarters and replace roofs and windows with energy efficient units.
- Representative Rae Peppers – House District 41, thanked the Board for helping to heat the High School. We have worked diligently on this issue. In the 1980's funding was received to help with housing; at that time, there were about 100 students. Updates and maintenance have been done to those units. Now overcrowding due to a lack of housing is a real issue in the area. \$70,000 has been put aside for the new units and \$35,000 toward one unit's renovation.

Montana Coal Board
Meeting Minutes
December 19, 2016
Hampton Hotel, Billings, MT

- **Questions and comments from the Board** – The number of students has increased greatly with 400 students just in elementary. The need is great as there are limits for the number of students per teacher. With limited funding, would like to see the money go to infrastructure, health, and safety issues. The Legislature will look critically at awards to be sure criteria is being met. At the bottom of the Staff Summary, can you clarify the comments regarding the statutory criteria?
- Ms. Olson – Applicant could have provided clarification and supporting documentation regarding funding sources. Also, staff didn't see long term planning with regards to this specific request and how this fit into the overall plan.
- Representative Peppers – Housing is such an issue that teachers may not stay more than a year because of it. Improving housing will help to retain them long term.
- Gerald Chouinard – Superintendent of Lame Deer Public Schools, this is our number one challenge. If we continue to lose teachers, the kids will suffer.
- **Questions and comments from the Board** – Throughout Rosebud County there is not enough housing and/or low income housing. Impact aid has already been used to update the existing teacher housing. The impacts are recognized but the Board must stay within the criteria of impact from the increase or decrease of coal. Would like to see more local effort.
- Robert McLean – Chairman Lame Deer School Board, discussed Impacts starting with FY18 and that there is no ability for a levy to be passed. Had to fill 5 teaching positions with non-licensed persons due to lack of housing.

Action by the Board: Ms. Small-Eastman made a motion to fund this project at \$100,000 from direct funding and \$100,000 from contingency funding. Vice-Chair Stewart seconded. Motion failed.

Application #0810 Big Horn Hospital Association – Elevators Replacement

- The applicant is requesting \$149,000 to improve the efficient operation of the elevators by installing new elevators which will decrease maintenance costs; improving the facility's budget, as well as improve resident and staff safety.
- Bill Hodges – Big Horn County Hospital Association, stated the elevators are 34 years old and the hydraulics are not working well, parts are obsolete so that we must mill our own parts, and there is standing water in the wells along with rust damage. (handouts were provided)
- Paula Small Plenty – Administrator, the elevators are no longer ADA compliant. With both the elevators and boiler replacement projects, we are trying to be proactive instead of reactive to an emergency.

Action by the Board: Vice-Chair Stewart made a motion to fund this project at the amount of \$74,500 from direct funding. Mr. Schaff seconded. Motion passed.

Action by the Board: Ms. Small-Eastman made a motion to amend the amount of \$74,500 out of contingency funds. Vice-Chair Stewart seconded. Motion passed.

Action by the Board: Vice-Chair Stewart made a motion to amend the amount and to fully fund \$149,000 out of direct funds. Ms. Small-Eastman seconded. Motion passed.

Application #0811 Big Horn Hospital Association – Boiler Replacement

- The applicant is requesting \$87,250 to replace inefficient and outdated boilers with new energy efficient boilers to improve consistent boiler and water heating delivery to an elderly resident population and to decrease utility expenses.
- Bill Hodges – Big Horn County Hospital Association, the hospital will buy one boiler and requesting the Board to fund the second one. There are 56 residents so if the boilers fail, this will have a huge

Montana Coal Board
Meeting Minutes
December 19, 2016
Hampton Hotel, Billings, MT

impact. Mr. Hodges presented an updated, itemized breakdown of the boilers cost. (handouts were provided)

- **Questions and comments from the Board** - which project is a higher priority?
- Paula Small Plenty – First the elevator that more serves the residents, then the boiler, then the service elevator.

Action by the Board: Vice-Chair Stewart made a motion to fully fund this project out of direct funds. Ms. Small-Eastman seconded. Motion passed.

Action by the Board: Mr. Schaff made a motion to amend the amount to \$87,250 out of direct funds. Vice-Chair Stewart seconded. Motion passed.

Action by the Board: Vice-Chair Stewart made a motion to amend the amount to \$65,597 out of direct funds and the balance of \$21,653 out of contingency funds. Ms. Small-Eastman seconded. Motion passed.

Application #0812 Colstrip Fire Department – Fire Tender Purchase

- The applicant is requesting \$132,500 to purchase a new fire tender built in accordance with current commercial fire protection standards and to ensure the ability to maintain two complete engine companies in accordance with ISO rating standards.
- Rob Pontius – Colstrip Fire Chief, budget money is tight, the value of our mills is decreasing. This tender truck rolls out for every call both structures and wildland as well as auto accidents. Other communities like Rosebud Fire District, Lame Deer, Ashland, and Forsyth rely on Colstrip for additional fire suppression. It will be state of the art, fully equipped, and fully automated. This department is supported with 100% volunteers. If Colstrip Units 1 and 2 shut down, personnel will be lost which will have a huge impact on the department. (handouts were provided)
- **Questions and comments from the Board** – it is stated that the department operates in a seven-mile radius. Will you sell the old truck?
- Rob Pontius – the average call is within a seven-mile radius but we will go as far as a fifty-mile radius. As for the old truck, it will go to a community that has the highest need.

Action by the Board: Mr. Schaff made a motion to fully fund this project out of contingency funds. Vice-Chair Stewart seconded. Motion passed.

Application #0813 Musselshell County – Healthcare Equipment Needs

- The applicant is requesting \$400,000 to purchase new healthcare equipment to address its aging infrastructure, provide new streams of revenue while meeting the needs of its senior population, and maintaining its critical services.
- Brad Howell – Commissioner, have received a donation of an EKG machine and are working diligently for other funding. With a coal mine in the county we are impacted by coal. We are the closest emergency room and see injuries and accidents from the mine and have miners living in the county. The current system is antiquated and new equipment will help us substantially to assist patients.
- Kathie Bailey – Snowy Mountain Development Corp, read letter from the Commissioners
- **Questions and comments from the Board** – the X-ray machine increased by how much from the original bid? How big is the Hydrotherapy pool? Appreciate the local effort with increased mills and bonding.
- Brad Howell – the X-ray machine increased by \$129,000 and the pool is four feet by eight to ten feet long with resistance valves. It allows one person to use it at a time.

Action by the Board: Mr. Schaff made a motion to fund \$250,000 out of contingency funds. Vice-Chair Stewart seconded.

Montana Coal Board
Meeting Minutes
December 19, 2016
Hampton Hotel, Billings, MT

Action by the Board: Chairman Williams made a substitute motion to increase funding to \$300,000 out of contingency funds. Mr. Schaff seconded. Motion passed.

Application #0814 Big Horn County – Road Department Vehicle Purchase

- The applicant is requesting \$45,402 to replace the 1988 Ford F350 with a 2017 Ford F350 as the current vehicle spends more time being repaired in the shop than in use in maintaining Big Horn County roads.
- Sidney Fitzpatrick – Commissioner, Big Horn County is a key player in coal with two mines along with Westmoreland that the Tribe owns. We are in the cross hairs of the war on coal; our funding from coal has declined because of it. Our mills are at the maximum. The bond for the County Jail failed so that application to the Coal Board was pulled from consideration.
- Matt Redden – Big Horn County, the current truck is a 2-wheel drive which causes many problems throughout the winter.

Action by the Board: Vice-Chair Stewart made a motion to fully fund from contingency funds. Ms. Small-Eastman seconded. Motion failed.

Application #0815 Big Horn County – Fire Department Vehicle Purchase

- The applicant is requesting \$85,663 to replace the 2008 Initial Attack Fire Engine with a 2017 Ford F550 complete with a slip-on water tank units and all additional lights, sirens, hoses, valves, grill guard, and miscellaneous tools.
- Matt Redden – Big Horn County, this is a critical first response truck and with such a large area as Big Horn County, we need this vehicle.
- **Questions and comments from the Board** – was there insurance coverage on this vehicle? Did you set aside money for insurance? Do you use MACO for your insurance needs?
- Matt Redden – the County is self-insured.
- Sidney Fitzpatrick – the Coal Royalty fund is used for these kinds of things so that is why the County is self-insured. However, this will be changing in the future. Travelers is the insurance company. This is the first time in 18 years that a vehicle has been totaled in an accident.

Action by the Board: Vice-Chair Stewart made a motion to fully fund from contingency funds. Ms. Small-Eastman seconded.

Action by the Board: Chairman Williams made a substitute motion to fund \$45,000 from contingency funds. Mr. Schaff seconded. Motion passed.

Action by the Board: Vice-Chair Stewart made a motion to amend the substitution to fully fund from contingency funds. Mr. Schaff seconded. Motion passed.

Application #0816 Big Horn County – Warman Loop Road Improvements

- The applicant is requesting \$400,000 to improve Warman Loop including new asphalt overlay on the 4.2 miles of roadway. May also include addressing minor surface, shoulder, and bridge deck repairs, signage improvements, guardrails, pavement marking, and ancillary parking improvement.
- George Real Bird – Commissioner, miners to Absaloka use this road as well as tourists. We have already paid for the Preliminary Engineering Report for the repairs.
- **Questions and comments from the Board** – what's the schedule for these repairs? This is difficult to support as most of the users of this road are fishermen and see no actual coal impact. This should be a Tourist Department project.

Montana Coal Board
Meeting Minutes
December 19, 2016
Hampton Hotel, Billings, MT

- George Real Bird – currently in the design phase.

Action by the Board: Ms. Small-Eastman made a motion to fund \$90,000 from direct funds and \$100,000 from contingency funds. Vice-Chair Stewart seconded. Motion failed.

Application #0817 Big Horn County – Jail and Law Enforcement Annex Construction

- This application was withdrawn.

Application #0818 City of Miles City – Ambulance Purchase

- The applicant is requesting \$50,000 to replace at least one vehicle and bring it to an operable standard. A new unit would cost in the range of \$250,000. Preliminary investigation has indicated that a suitable used vehicle can be purchased and upgraded for a cost of approximately \$100,000.
- Jim Atchison – SEMDC, assisting the City with this request. Miles City and Custer County are a strategic hub and are coal impacted with a growing population. Miles Community College educates miners and heavy equipment workers. 500-700 workers come to Colstrip for the annual overhaul but cannot all stay in Colstrip and many are then bussed in from Miles City and Forsyth. The pending closure of Units 1 and 2 are mentioned as impacting Miles City.
- Sara Lewin – Miles City Fire and Rescue, three members of the volunteer force spent \$9000 in personal funds for continuing education which speaks to the level of dedication of these volunteers. Increased call volume and decrease in staff adds to the challenges. No one wants to be on a critical run and then have the ambulance break down.
- Brandon Stevens – Fire Chief, every person deserves quality medical care that is dependable. Miles City is a hub of eastern Montana. We don't receive benefits from the oil boom but the call volume has doubled. Many members of our community work in the coal industry. All of this has taken a toll on our infrastructure like our ambulances. We are not eligible for a DOT grant.
- Jason Strouf – County Commissioner, the taxpayers are burdened; mills are at a maximum as well as high flood insurance premiums.
- Kevin Krause – County Commissioner, we have an Inter-Local Agreement with the City and offer support to this request.
- Representative Ken Holmlund – related a personal story regarding a medical emergency. Request that you approve this application.
- Jim Atchison – SEMDC, this request will be highly leveraged. Also, the minutes from the Environmental Review meeting are available and will be sent to Jennifer Olson. Read a letter from John Hollowell, the Mayor of Miles City.

Action by the Board: Ms. Small-Eastman made a motion to fully fund from available funds. Vice-Chair Stewart seconded. Motion passed.

Action by the Board: Vice-Chair Stewart made a motion to amend to fully fund from contingency funds. Mr. Schaff seconded. Motion passed.

Old Business

Application #0805 Musselshell County – Road Repairs

Action by the Board: Vice-Chair Stewart made a motion to remove this application from the table. Mr. Schaff seconded. Motion passed.

Montana Coal Board
Meeting Minutes
December 19, 2016
Hampton Hotel, Billings, MT

- The applicant is requesting \$419,390 to chip seal and stripe Old Divide Road and Fattig Creek Road. The applicant indicates that county roads related to coal mining are experiencing severe deterioration from increased mine traffic. Chip and seal on all paved surfaces will ensure the viability of the road for a longer period. Paint striping will provide the safety measure needed for a heavily traveled area.
- Kathie Bailey – SMDC, we request the remaining available contingency funds for this application.

Action by the Board: Vice-Chair Stewart made a motion to fund this application at the remaining amount of \$154,154 from contingency funds. Mr. Schaff seconded. Motion passed.

Application #0806 Musselshell County – Asphalt Zipper Rental

- The applicant is requesting \$64,464 to rent an asphalt zipper.
- This application remains tabled.

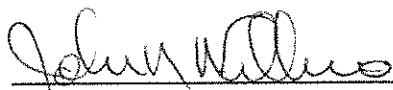
Board Matters

- Next meeting will be held March 23, 2017 in Helena, Montana at the Department of Commerce.

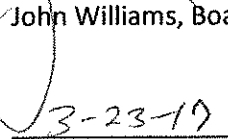
Action by the Board: Chairman Williams made a motion that the Board encourages and supports a new application from Lame Deer Public Schools breaking out the issues associated with weaknesses identified with the additional information in a new application that supports the criteria for Coal Board funding as identified in the statute including the severity of impact from decrease or increase of coal. The Coal Board recognized the value of what the school wants to accomplish. Mr. Schaff seconded. Motion passed.

Adjournment:

With no other business, a motion was made by Mr. Schaff to adjourn the meeting. Vice-Chair Stewart seconded. The meeting was adjourned by Chairman Williams at 2:58 p.m. The next meeting is scheduled for March 23, 2017 in Helena, Montana.



John Williams, Board Chair



Date